

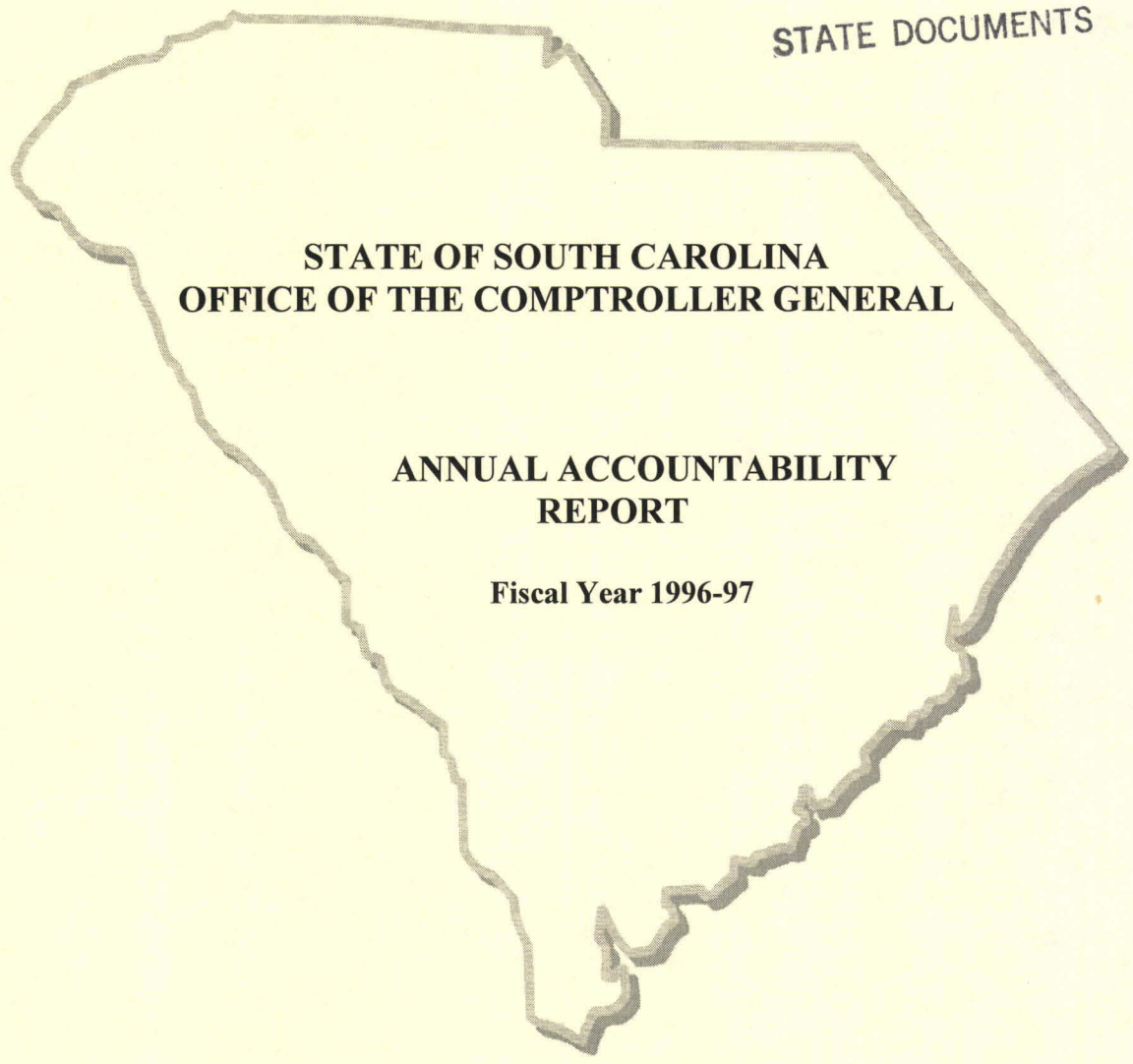
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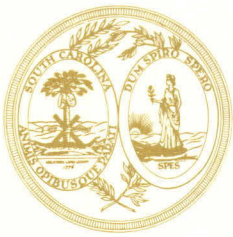
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**STATE OF SOUTH CAROLINA
OFFICE OF THE COMPTROLLER GENERAL**

**ANNUAL ACCOUNTABILITY
REPORT**

Fiscal Year 1996-97





State of South Carolina

Office of Comptroller General

Wade Hampton Office Building

Post Office Box 11228
Columbia, South Carolina 29211

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

GERALD W. BURNETT
DEPUTY COMPTROLLER GENERAL

LETTER OF TRANSMITTAL

TO: Governor David M. Beasley
Members of the General Assembly

The Office of the Comptroller General was established by the Constitution in 1890 as "Paymaster" for the purpose of supervising and accounting for the expenditure of all state funds. This office is also responsible for statewide financial reporting including audited statewide financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for publication in the State's Comprehensive Annual Financial Report (CAFR). The CAFR is the primary document used by bond rating firms in determining the State's bond rating.

A pre-audit of all disbursements is conducted by the Comptroller General to ensure compliance with the Annual Appropriation Act as passed by the General Assembly. Payments include payrolls for approximately 55,500 employees in 79 state agencies and approximately 1,750,000 disbursement vouchers and interdepartmental transfers for 98 state agencies.

The Comptroller General has custody of all documents of record relating to financial transactions and maintains accounting controls on all state government funds. In this regard, he issues accounting policy directives to state agencies.

This office is also responsible for the supervision of the collection of all property taxes; to assist all county auditors, treasurers and tax collectors to reimburse counties for homestead exemption, merchants' inventory, the manufacturers' depreciation reimbursement and the property tax reimbursement programs.

In addition, the Comptroller General is one of five members of the Budget and Control Board.

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Letter of Transmittal
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Adhering to its commitment for fiscal accountability, the Comptroller General Office's has annually requested and received an evaluation of the agency's procedures by an outside independent accounting firm in accordance with standards established by the American Institute of Certified Public Accountants.

Management and staff meet on a continuing basis to provide total quality management sessions for employees. These sessions provide ongoing training and promote a valuable exchange of ideas so that optimum service can be rendered.

The Office of the Comptroller General is dedicated to providing fiscal accountability and informational assistance to the Governor, members of the General Assembly, other state and local government officials and the general public. If additional information regarding this report is needed, please contact Nell Overton at 734-2121.

Sincerely,

A handwritten signature in blue ink that reads "Earle E. Morris, Jr." in a cursive script.

EARLE E. MORRIS, JR.

State of South Carolina
Office of Comptroller General

EXECUTIVE SUMMARY

The Comptroller General's Office provides for centralized accounting and the reporting of financial data in accordance with the statewide program budget structure mandated by the General Assembly and in accordance with Generally Accepted Accounting Principles (GAAP).

Criteria used by this office for establishing program priority is based on the primary areas essential to complete our mission and its overall impact on state government. The Comptroller General's Office has four divisions to handle the major areas of responsibilities. These divisions, in priority order, are: (1) Central State Audit, (2) Central State Finance, (3) Administration/Local Government, and (4) Data Processing.

Central State Audit Division is responsible for ensuring that every dollar appropriated by the General Assembly and spent by South Carolina State Government complies with applicable state laws, rules and regulations. The Central State Audit Division is responsible for auditing and certifying the validity, authenticity, and legality of each disbursement. All obligations incurred in the operation of a state agency and the General Assembly, such as rent, travel expenses, utility bills, and contractual items, must be submitted to the Central State Audit Division for approval prior to payment. This division also processes the payrolls for approximately 55,500 state employees.

In addition to approving payments for salaries, the Central State Audit Division must control and remit all deductions from the employees' checks which are either mandated by law or authorized by employees. Reports to the Internal Revenue Service, the State Department of Revenue and Taxation, the Social Security Administration and the South Carolina Retirement System are required on a schedule established by law. Reports for deductions of insurance, credit unions, public charities and others are also prepared and sent to various entities each pay period.

Central State Finance Division provides for centralized accounting and reporting of financial data in accordance with the statewide program structure mandated by the General Assembly and Generally Accepted Accounting Principles (GAAP). By publishing an audited Comprehensive Annual Financial Report (CAFR) within six months after the end of the fiscal year, the state complies with GAAP requirements and meets even the strictest financial reporting recommendations of bond rating agencies. This data enables the state's leaders to make more informed decisions concerning South Carolina's finances.

State of South Carolina
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In addition, Central State Finance is responsible for establishing and communicating changes in regulations and policies to agency accounting and finance personnel which affect their operations. This division maintains the centralized records management program.

The Administrative/Local Government Division provides executive management, coordination and support for the Comptroller General and for all divisions of the Office. It renders services in the areas of finance, personnel, and employee benefits (for agency personnel as well as the county auditors and treasurers), and also oversees budget, procurement and public relations, and ensures compliance with all state and federal requirements for the agency. The division responds to requests for information, reports and assistance which are received on a daily basis.

Administration of the state's U.S. Savings Bond Program is another responsibility of this division. A statewide automated purchasing system of U. S. Savings Bonds was implemented in June 1988 and eliminated a great deal of work formerly imposed on individual state agencies' finance and personnel operations. This system requires maintaining a trust account, issuing vouchers for the purchase of bonds, maintaining individual computer files on each bond owner participating in the bond payroll deduction program and working closely with the Federal Reserve Bank to ensure an efficient and effective program.

This division also relates directly with South Carolina's counties and municipalities. It is responsible for the supervision of the collection of property taxes, and provides assistance to all county auditors, treasurers and tax collectors. Periodic county reports required by state statutes are audited and maintained by this division. The homestead exemption, merchants' inventory, property reimbursement and manufacturers' reimbursement programs are also organized and conducted by this division to keep local government officials informed of new laws, procedures, and requirements to carry out their duties.

The Data Processing Division provides technological support to other divisions of the Comptroller General's Office using the Information Resource Management concept. Information technology support has enabled this office to continually achieve a high volume, quality effort. By use of all information technologies, the Comptroller General's Office has been able to substantially increase its operational workload and efficiency within limited cost constraints.

State of South Carolina
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OFFICE OF THE COMPTROLLER GENERAL

MISSION STATEMENT

MISSION STATEMENT: The Office of Comptroller General supervises and accounts for all state expenditures, both payroll and operating. The Office provides for centralized payroll, accounting and reporting of financial data in accordance with the statewide program budget structure mandated by the General Assembly and Generally Accepted Accounting Principals (GAAP). The Office is also responsible for the supervision of collecting all property taxes, assisting county auditors, treasurers, and tax collectors, and reimbursing counties for homestead exemption, property tax, and merchants' inventory.

COMPTROLLER GENERAL'S OFFICE

PROGRAM: Central State Audit Division

PROGRAM COST: \$1,150,923

STATE

PROGRAM GOAL: Conducts a pre-audit of all disbursements of South Carolina State Government to ensure that agencies comply with the annual Appropriation Act. Certifies the validity, authenticity, and legality of each payment. For FY 1997–98, this will include processing approximately 1,750,000 contingent vouchers and maintaining a payroll system for approximately 55,500 employees.

PROGRAM OBJECTIVES: To process contingent vouchers as accurately as possible in a timely manner. To deal with agency errors in a firm and professional manner to clear the error status as soon as possible. To incorporate system changes as a result of changes in legislation and regulations and to inform agencies of those changes as they affect disbursements. To process payrolls in an accurate yet timely manner to ensure employees' gross pay is charged accurately and all deductions are accounted for and disbursed accurately. To ensure accurate and timely reporting of information to the various retirement systems and income tax authorities. To plan for the ever-increasing, liberal voluntary deduction possibilities. To provide consultation on legislation concerning the payment of funds or the financial impact of proposed legislation.

PERFORMANCE MEASURES:

Workload Indicators:

- 1,335,000 personal service payments each year
- 1,050,000 changes to the payroll file
- 1,725,000 contingent vouchers and IDT's processed
- 92,000 W-2 and 1099 files maintained and forms issued.

COMPTROLLER GENERAL'S OFFICE

PROGRAM: Central State Finance Division

PROGRAM COST: \$1,015,832

STATE

PROGRAM GOAL: Provides for the centralized accounting and reporting of the State's financial activities. Produces a Comprehensive Annual Financial Report (CAFR) in accordance with Generally Accepted Accounting Principles (GAAP) and issues policy directives to State agencies as needed to accomplish this goal. Provides timely, accurate statewide financial data needed by state government and by external parties such as bond raters, potential bond purchasers, other State creditors, citizen groups, and agencies of the Federal government. Maintains a centralized Records Management Center that receives and safeguards input documents submitted by state agencies.

PROGRAM OBJECTIVES: To create a Chart of Accounts for the fiscal year that includes all appropriated and supplemental appropriation accounts; estimated sources of revenue for general, earmarked, restricted and federal funds; and for agencies implementing a Capital Improvement Bond Program. To pre-audit all appropriation/cash transfers and journal vouchers from state agencies prior to input into STARS. To issue the State's audited Comprehensive Annual Financial Report in accordance with Generally Accepted Accounting Principles for the fiscal year ended June 30 within six months of that date.

PERFORMANCE MEASURES:

Workload Indicators:

- \$58,318,441,679 of financial transactions monitored and accounted for in accordance with the Appropriation Act
- 1,703,773 input documents handled prior to being input into STARS
- 3,498 accounting reports provided to state agencies
- 1,913 responses for requests for original source documents
- 112 audit verifications provided to independent CPA firms used in auditing state political subdivisions
- 55 special reports prepared as requested by legislators, newspapers, or other authorized individuals

Efficiency Measures:

- \$ 2,776,878,175 of financial transactions accounted for per applicable FTE
- \$ 3,345,120,162 state assets properly reported in the State's CAFR per applicable FTE
- 425,943 STARS input documents handled per applicable FTE
- 3,362,050 financial documents maintained and accounted for per applicable FTE

COMPTROLLER GENERAL'S OFFICE

PROGRAM NAME: Administrative Division

PROGRAM COST: \$968,711 STATE

PROGRAM GOAL: Provides executive management, coordination and support for the Comptroller General's Office. Renders services in the areas of personnel, public relations, employee benefits, procurement and budget and finance to support all divisions and ensure compliance with all state and federal requirements. Personnel files are maintained for 85 employees and 92 county auditors and treasurers.

The variety of office management and administrative support services performed by this division contributes to optimum efficiency throughout the Office and assists the Comptroller General in his statutory duties and leadership role.

PROGRAM OBJECTIVES: Assists the Comptroller General in his duties, provides Office employees with an efficient and user friendly payroll and employee benefits system; coordinates staff development and training; provides applicants referral assistance in their employment search; provides an internal financial, property management, and procurement system that will give the citizens of our state efficient use of their tax dollars; provides all state employees participating in the State's United States Savings Bond program with a rapid response to their questions and a timely purchase of their bonds; coordinates special projects as assigned by the Comptroller; and to respond to inquiries from the general public, the news media and the General Assembly. Staff monitors and keeps agency management apprised of legislation with potential impact on office operation.

PERFORMANCE MEASURES:

Workload Indicators:

- 2,600 payroll and personnel transactions for employees, the Office of Human Resources and the Human Affairs Commission
- 2,139 employee transactions for FMLA, personnel leave, training and meeting reports and information on the employee's personnel benefits and actions
- 1,850 transactions involving U. S. Savings Bonds, processing purchases, reconciling financial records, telephone calls and correspondence with state employees and the Federal Reserve Bank
- 430 transactions involving inventory of the state's property
- 746 requisitions and purchase orders to ensure the Office obtains goods and services economically and complies with various state regulations
- 100 actions involving reports, sales tax reports, minority vendor reports, materials management reports and involvement in annual audit
- 1,180 internal financial transactions

Outcomes: Many of the activities can not be measured with workload indicators. One measure of the effectiveness of the Office's activities are the annual audits. For the last several years this Office has received a clean management letter and financial audit by private C.P.A. firms, the State's procurement audit staff and audits by the Division of Insurance Services.

COMPTROLLER GENERAL'S OFFICE

PROGRAM NAME: Local Government Division

PROGRAM COST: \$101,126 (E12 Funds) STATE
 \$221,913,128 (X12 Funds) STATE

PROGRAM GOAL: To maintain direct contact with the county auditors, treasurers, and tax collectors. Supervises the property tax collection process. Audit reports filed by the counties as required by law. Compile data for dissemination to various other governmental entities. Mathematically audit requests for reimbursement under the Homestead Tax Exemption Program from South Carolina's counties and municipalities. Mathematically audit requests for reimbursement under the Property Tax Relief Program from the state's counties. Prepare the Comptroller General's Local Government Report to the General Assembly from information furnished by the counties and audited by the Office staff. Prepares the Comptroller General's Disbursement Report to the General Assembly from data collected during the tax year. Conduct workshops and seminars to advise auditors, treasurers, and tax collectors on procedures, forms for submitting reports to the Comptroller General, and legislative changes that occur after completion of the session.

PROGRAM OBJECTIVES: Process requests for reimbursements under the Homestead Tax Exemption Program and the Property Tax Relief Program. Disburse funds as required by the Appropriation Act. Supervise the Annual County Auditors, Treasurers, and Tax Collectors Academy conducted by the University of South Carolina's Institute of Public Affairs.

PERFORMANCE MEASURES:

Workload Indicators:

\$ 47,956,105* disbursed to 247,178 Homestead Exemption accounts

\$ 40,560,085 disbursed to 51,414 Merchants' Inventory accounts

\$ 239,400 disbursed as salary supplements to county officials

\$ 139,469 disbursed to counties for tax forms and supplies

\$ 216,942,851* disbursed to 1,032,199 property tax relief accounts

Attended the Annual County Auditors, Treasurers and Tax Collectors Academy

Conducted four regional workshops after the legislative session

(*Open Ended Appropriation)

COMPTROLLER GENERAL'S OFFICE

PROGRAM: Data Processing Division

PROGRAM COST: \$678,029

STATE

PROGRAM GOAL: To provide information technology support to all of the programs administered by the Comptroller General's Office.

PROGRAM OBJECTIVES: Maintains and enhances the statewide accounting and reporting system (STARS); the statewide payroll system (PAYROLL); maintains and enhances the following statewide support systems: court ordered child support payments, tax garnishments, U. S. Savings Bond program, 1099 Federal tax reporting, Local Government tax reimbursement programs (Merchants' Inventory, Homestead Exemption, Manufacturers' Tax), and other related systems. Maintains and enhances the following internal support systems (Agency Accounting, Supply Inventory, Property Management, Employee Benefits and Leave, and other related systems).

PERFORMANCE MEASURES:

Workload Indicators:

- 4,200,000 STARS transactions processed
- 650,000 STARS control/management records maintained
- 1,000,000 GAAP reporting records maintained
- 600,000 PAYROLL transactions processed
- 180,000 PAYROLL records maintained
- 350,000 other systems transactions processed and records maintained
- 3,000 computer programs maintained in library
- 36,000 jobs submitted, monitored and successful completion insured
- 23,000 external input and output tapes and diskettes processed
- 53,000 internal tapes processed (creation and retention management)